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NORTHERN ILLINOS GAS COMPANY)
d/b/a NICOR GAS COMPANY)
Petition For Consent to and Approval)
of changes to Nicor Gas Company's)
Customer Select Program Pursuant to)
Section 9-102 and 9-201 of the Illinois)
Public Utilities Act and related relief.)

CHIEF CLERK'S OFFICE

Docket No. 04-0511

PETITION

To the Illinois Commerce Commission:

Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas" or "Company") respectfully requests that the Commission enter an Order consenting to and approving Nicor Gas' two proposed changes to its *Customer Select* program ("the Program"). *Customer Select* allows residential and small non-residential customers the opportunity to purchase gas supplies from a Supplier other than Nicor Gas. A copy of 5th Revised Sheet No. 75.7, Canceling 4th Revised Sheet No. 75.7 and 5th Revised Sheet No. 75.8, Canceling 4th Revised Sheet No. 75.8 are attached hereto and made a part hereof. The filing of the attached tariff sheets is intended to comply with the Petitioner's obligation under Section 9-102 of the Illinois Public Utilities Act ("the Act") to file with the Commission changes to its tariff schedule. The Petitioner further requests that the Commission enter its order in this proceeding without an evidentiary hearing, and that it permit the proposed changes to the *Customer Select* program to become effective on less than 45 days' notice. In support of this Petition, Petitioner states as follows:

1. Nicor Gas is an Illinois corporation with its General Office at 1844 Ferry Road, Naperville, DuPage County, Illinois 60563-9600. It is engaged in the business of distributing and selling gas to more than 2 million customers in the northern part of Illinois, and is a public utility subject to the jurisdiction of this Commission pursuant to the Act.

2. In January 2002, as authorized by the Commission in Docket Nos. 00-0620 and 00-0621 Consolidated, Nicor Gas implemented its *Customer Select* program on a permanent basis. As of June 1, 2004, over 180,000 customers were participating in the Program and were being served by 12 Suppliers.

3. Nicor Gas proposes to make two changes to the Program that should be of benefit to Suppliers and, in turn, encourage Suppliers to expand the Program to more customers.

4. First, in determining a Supplier's Month-End Cash Out position for the withdrawal season, storage activity would be based on the Supplier's proportion of the Company's storage plan for the month, as determined at the beginning of the storage withdrawal season. Currently, the tariff provides that the Month-End Cash Out position during the withdrawal season is based on the Supplier's proportion of the actual physical activity of the Company's storage system from November 1 through April 30. This change would make the method for determining the Month-End Cash Out position for the withdrawal season consistent to how it is already being determined for the injection season.

5. With the proposed change in effect, the Company would notify Suppliers of the Company's seasonal storage withdrawal plan in advance of the winter season.

Consequently, Suppliers would have more definitive information on what quantity of Company's overall storage activity they are allocated and how much storage gas would be required to be withdrawn during the winter season. Suppliers would be able to improve their gas supply purchasing plans before the winter storage withdrawal season.

6. By using the Company's storage plan, Suppliers would be able to make a reasonable estimate of their gas supply requirements in future months, allowing them to hedge their gas supplies, potentially lowering their price to the end user. Lower gas prices are in the best interest of the end user, the Company and the Supplier. Accordingly, the Company's proposal is in the best interest of the customers, Suppliers and Company.

7. The Company's second proposal is to eliminate the requirement that a Supplier provide the Company copies of their firm citygate supply contracts with a primary delivery point of Nicor Gas. In place of copies of the contracts, the Company would continue to accept an affidavit as proof that the Supplier has sufficient quantity of firm gas supply that can be delivered to the Company's citygate for the period, November 1 through March 31.

8. Consistent with current tariff provisions, if a Supplier is unable to provide such an affidavit by November 1 of each year, the Company would charge the Supplier the Company's Non-Commodity Gas Cost in place of the Aggregator Balancing Service Charge for providing it with firm back-up service.

9. This proposal would eliminate a significant administrative task and provide more flexibility to the Supplier in securing firm winter deliveries to the Company's citygates. By reducing the administrative requirements of *Customer Select*,

Suppliers would be encouraged to enter the program and increase competition for the benefit of all customers.

10. Additionally, Suppliers have expressed concern over the confidentiality of sending copies of firm transportation contracts to Nicor Gas and if doing so would impact their competitiveness. Approval of the proposed tariff change would eliminate the Suppliers' concerns on this issue.

11. Petitioner believes that this Petition and its attachment contains all the pertinent information needed to enable the Commission to enter an order approving the proposed changes to *Customer Select*. Accordingly, Petitioner request that the Commission enter an order approving the proposed changes to *Customer Select* without an evidentiary hearing.

12. Furthermore, the Company requests that the Commission approve the proposed changes to *Customer Select* on less than 45 day's notice so that Suppliers can begin to use the Company's upcoming winter storage plan to make their gas supply purchase plans and to appropriately reflect the increased certainty of their supplies in pricing their products. Since the tariff provides that Suppliers have the proper firm transportation agreements in place and storage withdrawals begin by November 1, 2004, the sooner the proposed changes are implemented, the more time Suppliers will have to make their required gas supply arrangements, potentially minimizing their gas supply costs which could then be passed on to their customers.

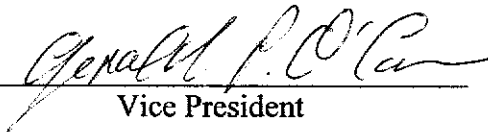
13. In view of the forgoing, good cause exists for granting the Petitioner authority to place into effect the proposed changes to the *Customer Select* program,

copies of which are attached hereto and made a part hereof, pursuant to the provisions of Section 9-102 and 9-201 of the Act.

WHEREFORE, Petitioner respectfully requests that the Illinois Commerce Commission enter an order, without an evidentiary hearing (1) finding that the proposed changes to *Customer Select* attached hereto are just and reasonable and consenting to and approving the implementation of said changes, effective as of the date of the Commission's order, pursuant to the provisions of Section 9-102 and 9-201 of the Illinois Public Utilities Act; (2) authorizing Petitioner to take any and all actions not contrary to the Act and the Commission's rules necessary to perform the proposed tariff changes; and (3) granting such further and additional relief as may be necessary, just and reasonable in connection therewith.

Respectfully submitted,

NORTHERN ILLINOIS GAS COMPANY
d/b/a Nicor Gas Company

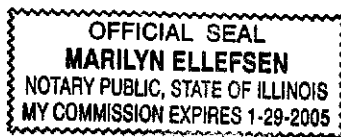
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VERIFICATION

STATE OF ILLINOIS)
)
COUNTY OF DUPAGE)

Gerald P. O'Connor, being first duly sworn upon oath, states that he is a Vice President of Northern Illinois Gas Company, d/b/a Nicor Gas Company; that he has read the foregoing Petition by him subscribed and knows the contents thereof; and that the statements therein contained with respect to Nicor Gas Company are true to the best of his knowledge and belief.



A handwritten signature in dark ink, appearing to read "Gerald P. O'Connor", written over a horizontal line.

Gerald P. O'Connor

Subscribed and sworn to
before me this 5th day
of August, 2004.

A handwritten signature in dark ink, appearing to read "Marilyn Ellefsen", written in a cursive style.